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MEDIATING ROLE OF THE DETERMINANTS OF EMPLOYEE ENGAGEMENT ON EMPLOYEE RETENTION – A STUDY OF HIGHER EDUCATION INSTITUTES IN INDIA

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Abstract

Engaging employees provides an unwritten, psychological contract between the organization and employee which results in mutual benefits, trust, and commitment. Employee engagement has a very direct and strong relationship on the productivity of the employees and thus impacts the entire organizations productivity. This is very relatable in case of educational institutions as they are highly employee/ human resource driven. Therefore retention of employees is very crucial. The study is an attempt to explore the relationship between employee engagement and employee retention. Sample of 389 employees working in Higher Education Institutes from Delhi and NCR is taken. Correlation and regression analysis is used to examine the relationship between work engagement and employee retention. Results reveal that there exists a positive correlation between work engagement and employee retention and employee engagement is a significant predictor of employee retention.

Keywords: Work engagement, Employee Retention.

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Introduction

The work culture is changing from employee intensive, industrial society to an automated information society and the futuristic organizations advocates flexibility, boundary less communities and change in work design leading to an increase in professionalism and decrease in loyalty among employees towards the organizations (**Baruch, 2004**). In addition high education institutions have strong demands for intellectual capital. The employees working in education sector have a strong preference for independence and want learning and growth opportunities while the organizations wants current knowledge of employees that can create value addition (**Rogers, 2001**). This clash creates problems for institutions to retain good and knowledgeable workers. The retention of faculty members, therefore appear to be of strategic importance because of the potential return associated with them in the long run (**Huselid, 1995**).

Organizations that attract develop and retain talented employees will flourish while those who do not will have to struggle for sustainability; however the issue of retaining good employees exists in most of the companies around the world (**Holtom, Mitchell, Lee, & Inderrieden, 2005**). The topic of employee retention has attracted many researchers due to its global impact; not only developing but developed countries also face this problem (**Memon et al., 2014**). Both academicians and practitioners agree that turnover is very expensive due to its requirement of significant investment of resources to recruit and train new employees (**Mobley, 1982**). High turnover leads to low morale of left employees (**Rainey, 2003**), loss of organizational memory (**Huber, 1991**) and low productivity. For these reasons it is very important for companies to have an understanding of the importance of reducing turnover by retaining the manpower.

Employees are most valuable assets of an organization and highly engaged employees foster customer loyalty, promote employee retention and improve stakeholder's value as well as organizational performance (**Lockwood, 2007**). The volatile business environment demands organizations to anticipate the technological obsolescence, promote employee's learning through continuous development and retain the best talent to be economically sustainable and competitive. Given that retention of employees is very crucial for the sustainability of a company, this study aimed at examining the impact of work engagement on employee retention.

Employee Engagement

The employee engagement literature evolved from the work of **Kahn (1990)**, who defined it as "the harnessing of organizational members selves to their work role". He also suggested that the employees express themselves physically, cognitively and emotionally while performing their roles in the organization.

The widely used definition of employee engagement is given by **Schaufelli et al (2002)** as "the work related state of mind characterized by vigor, dedication and absorption." Vigor is the high level of energy, dedication is the sense of pride associated with one's own job and absorption is the engrossment is one's work in such a way that it becomes difficult for an individual to detach himself from work in positive sense.

Saks (2006) come up with two facets of employee engagement- organizational engagement and job engagement. In his multi-dimensional model, **Saks(2006)** proposed that every member of an organization has two main roles- work role and role as an organizational member, therefore employee engagement is not only limited to an employee's physiological presence and cognitive interpretation of in-role tasks but also covers affective and psychological attachment of an employee towards his / her organization and job.

Maslach and Leiter (1997) termed engagement as a contra positive of burnout. They categorized engagement as the direct opposite of the three dimensions of burnout namely exhaustion, cynicism and lack of professional efficacy.

Determinants of Employee Engagement

1. Perceived Organizational and Supervisor Support

If the employee is able to show and employ himself without negative consequences then he tends to develop a sense of psychological safety (Kahn, 1990). Kahn suggested that psychological safety is a consequence of supporting and trusting interpersonal relations and the employees feel safe in supportive and open environment. May et al. (2001) found that supportive leadership is also positively related to psychological safety. Perceived Organization Support (POS) is the belief of the employees that the organization values them and their contributions and is concerned about their well being. Employees with higher POS are more engaged. Perceived Supervisor Support (PSS) is also an important antecedent of employee engagement as supervisor support plays a very vital role in engaging or disengaging employees.

2. Rewards and Recognitions

Kahn (1990), in his model of employee engagement laid emphasis on the fact that employee engagement may vary according to their perception of benefits they might receive from a job. The employees tend to engage themselves to a greater extent if they perceive greater amount of rewards or recognition.

3. Career Progression Opportunities

Career progression is defined as the opportunity for employees to move ahead in the organization and undertake more challenging tasks, more job responsibilities and higher position. **Weng and Hu (2009)** suggested two ways of career growth for employees- Intra Organizational Growth

and Inter Organizational Growth. Intra organizational career growth is the employee's career progression within the organization and inter organizational career growth is the growth of experience when the employee shifts between organizations.

Employee retention

Employee retention is one of the most explored areas of research by authors and researchers. **Zineldin (2000)** explained retention as "an obligation to continue working with a particular company or an ongoing business". Employee retention defines the various activities taken to promote staff to stay for a longer period of time by the organizations. The retention of employees comprises of methods whereby workers are encouraged to turn into members of organization for a longer period of time until the project is complete or before they retire. To achieve individual and organizational goals, this is imperative to maintain capable workers. Depending on various factors, such as age, family situation, mentorship, job chances, great advantages, the connection as well as the existing labor force, the choice of the employee to remain within the organization will be affected by several factors, according to **Katowice, B.; Sinnott et al. (2002); Yusoff et al. (2010)**. For organizations to achieve and retain comparative edge, skilled and active workers are required, and these employees require professional growth to improve and grow the skills, (**Prince 2005**).

Employee Engagement and Employee Retention

Retaining best talent continues to be a topic of interest among researchers is the most powerful competitive strategy. Engaged employees identify themselves with their work and put in more effort. So it is of utmost importance to retain such valuable employees. Understanding the psychology of the employee towards his work and work environment can provide information for maintaining this advantage. Organizations must motivate and inspire its employees to

use the capabilities to full potential and upgrade them frequently. Organizations must have committed employees because they are more dedicated and are more productive (**Bakker & Leiter, 2010**).

Engaged employees tend to have less turnover intention (**Alfes et al., 2013**). Many researchers have been conducted to develop instrument for measuring work engagement, however there is lack of consistency between academic and operational definitions of the construct. Majority of academic researchers are based on **Kahn's (1990)** and **Schaufeli et al. (2002)** definition of work engagement. Their definitions are different from consultant's definition where work engagement is focused on experience of working rather than attitude towards job characteristics. **Saks (2006)** conceptualized work engagement as an antecedent of retention, engaged employees are so much engrossed in their work with positive

energy that they are left with no time for negative thoughts about work like leaving organization. Further studies have also reported positive association between intend to remain in the company and work engagement (**Harter et al. 2002, Schaufeli and Bakker 2004**).

DEMOGRAPHIC PROFILE OF THE RESPONDENTS

The respondents of this study are the faculty teaching in higher education institutions. The area of the study is Ghaziabad District of Uttar Pradesh province of India. Total 400 responses were collected out of which 11 responses were not found appropriate and were hence dropped. Finally this study has been carried out with 389 samples. The distributions of these samples across the demographic variables are as presented below in table 1.

Table 1: Demographics of the Respondents

S. No.	Variable Name	Categories/Levels	Frequency	Percent	Valid Percent	Cumulative Percent
1	Gender	Male	239	61.4	61.4	61.4
		Female	150	38.6	38.6	100
		Total	389	100	100	
2	Age Group	Below 30 Years	120	30.8	30.8	30.8
		30-39 Years	173	44.5	44.5	75.3
		40-49 Years	49	12.6	12.6	87.9
		Above 49 Years	47	12.1	12.1	100
		Total	389	100	100	
3	Qualification	Ph.D + NET	49	12.6	12.6	12.6
		Ph. D.	59	15.2	15.2	27.8
		Post Graduate	212	54.5	54.5	82.3
		Post Graduate + NET	69	17.7	17.7	100
		Total	389	100	100	

4	Marital Status	Married	229	58.9	58.9	58.9
		Unmarried	160	41.1	41.1	100.0
		Total	389	100	100	
5	Income Group	Below 25000	60	15.4	15.4	15.4
		25,000-34,999	110	28.3	28.3	43.7
		35,000-44,999	93	23.9	23.9	67.6
		Above 45,000	126	32.4	32.4	100
		Total	389	100	100	

Source: Author's compilation

Measurement of Variables

Employee engagement is measured using a scale that includes four factors: Employee Engagement, Career Progression Opportunities, Rewards and Recognitions, and Supportive Leadership. A multiple regression model was used to examine the influence of these four variables of employee engagement scale on employee retention.

The following null hypotheses has been formulated and tested at 5 percent level of significance:

H₀: "There is no significant impact of employee engagement on employee retention."

Correlation analysis revealed that there is a significant relationship between the variables taken in the regression model. Correlation between Employee retention and rewards and recognition is highest (0.807) followed by engagement level (0.697), career progression opportunities (0.681) and supportive leadership (0.656).

Table 2: Correlations Matrix

		Employee Retention	Engagement Level	Career Progression Opportunities	Rewards and Recognitions	Supportive Leadership
Pearson Correlation	Employee Retention	1.000	.697	.681	.807	.656
	Engagement Level	.697	1.000	.571	.720	.564
	Career Progression Opportunities	.681	.571	1.000	.697	.699
	Rewards and Recognitions	.807	.720	.697	1.000	.695
	Supportive Leadership	.656	.564	.699	.695	1.000

Sig. (1-tailed)	Employee Retention	.	.000	.000	.000	.000
	Engagement Level	.000	.	.000	.000	.000
	Career Progression Opportunities	.000	.000	.	.000	.000
	Rewards and Recognitions	.000	.000	.000	.	.000
	Supportive Leadership	.000	.000	.000	.000	.
N	Employee Retention	389	389	389	389	389
	Engagement Level	389	389	389	389	389
	Career Progression Opportunities	389	389	389	389	389
	Rewards and Recognitions	389	389	389	389	389
	Supportive Leadership	389	389	389	389	389

Since the variables are strongly related to each other they may have a possibility of affecting each other.

The coefficients of the model's predictors showed that all of the variables had a substantial impact on the response variable "employee engagement level." Employee engagement (Beta = 0.486, t = 5.051, p = 0.000), Career Progression Opportunities

(Beta = 0.369, t = 3.826, p = 0.000), and Rewards and Recognitions (Beta = 0.798, t = 9.891, p = 0.000) are all significant predictor factors for the dependent variable 'intention. The dependent variable 'intention' is likewise significantly influenced by the predictor supportive leadership, although only by 5% (Beta = 0.226, t = 2.134, p = 0.033).

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	14.916	2.638		5.654	.000		
Engagement Level	.486	.096	.205	5.051	.000	.470	2.128
Career Progression Opportunities	.369	.096	.164	3.826	.000	.421	2.374
Rewards and Recognitions	.798	.081	.482	9.891	.000	.325	3.074
Supportive Leadership	.226	.106	.091	2.134	.033	.425	2.354

a. Dependent Variable: Employee Retention

This study finds that Rewards and Recognitions are the greatest predictors/determinants of employee retention, followed by career advancement possibilities and supportive leadership, based on the results of the regression model. **Results of the regression model rejects to our null hypotheses H₀.**

Conclusion

There exists a positive relationship between the determinants of employee engagement and employee retention. Rewards and recognition is the most important determinant of employee engagement and the biggest predictor of employee retention, followed by career progression opportunities and supportive leadership. Focusing on creating a working environment in higher educational institutions which enables educators to be more engaged will help in the institutes to retain their most valuable assets. Educational Institutions are recommended to create a mechanism for measuring various dimensions of work engagement on regular basis to reduce voluntary turnover intentions among employees.

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